

implicit price deflator for the gross domestic product, as published by the Department of Commerce, changed during the calendar year.

(2) You must pay any royalty due under this paragraph, plus late payment interest under 30 CFR 1218.54, no later than 90 days after the end of the period for which royalty is owed.

(3) Any production on which you must pay royalty under this paragraph will count toward the production volume determined under §§ 560.120 through 560.124.

(c) If you must pay royalty on any product (either oil or natural gas) for any period under paragraph (b) of this section, you must continue to pay royalty on that product during the next succeeding period of the same length until the arithmetic average of the daily closing NYMEX prices for that product for that period can be determined. If the arithmetic average of the daily closing prices for that product for that period is less than the threshold price stipulated in the lease, you are entitled to a credit or refund of royalties paid for that period with interest under applicable law.

§ 560.123 How do I measure natural gas production for a lease issued in a sale held after November 2000?

You must measure natural gas production subject to the royalty suspension volume for your lease as follows: 5.62 thousand cubic feet of natural gas, measured according to 30 CFR part 250, subpart L, equals one barrel of oil equivalent.

§ 560.124 How will royalty suspension apply if BOEM assigns a lease issued in a sale held after November 2000 to a field that has a pre-Act lease?

(a) We will assign your lease that has a qualifying well (under 30 CFR part 250, subpart A) to an existing field or designate a new field and will notify you and other affected lessees and operating rights holders in the field of that assignment.

(1) Within 15 days of the final notification, you or any of the other affected lessees or operating rights holders may file a written request with the Director for reconsideration, accompanied by a Statement of Reasons.

(2) The Director will respond in writing either affirming or reversing the assignment decision. The Director's decision is the final action of the Department of the Interior and is not subject to appeal to the Interior Board of Land Appeals under 30 CFR part 590 and 43 CFR part 4.

(b) If we establish a royalty suspension volume for a field as a result of an approved application for royalty relief submitted for a pre-Act lease under 30 CFR part 203, then:

(1) Royalty-free production from your RS lease shares from and counts as part of any royalty suspension volume under § 560.114(d) for the field to which we assign your lease; and

(2) Your RS lease may continue to produce royalty-free up to the royalty suspension we specified for your lease, even if the field to which we assign your RS lease has produced all of its royalty suspension volume.

(c) Your lease may share in a suspension volume larger than the royalty suspension with which we issued it and to the extent we grant a larger volume in response to an application by a pre-Act lease submitted under 30 CFR part 203. To share in any larger royalty suspension volume, you must file an application described in 30 CFR part 203 (§§ 203.71 and 203.83). In no case will royalty-free production for your RS lease be less than the royalty suspension specified for your lease.

BIDDING SYSTEM SELECTION CRITERIA

§ 560.130 What criteria does BOEM use for selecting bidding systems and bidding system components?

In analyzing the application of one of the bidding systems listed in § 560.110 to tracts selected for any OCS lease sale, we may, at our discretion, consider the following purposes and policies. We recognize that each of the purposes and policies may not be specifically applicable to the selection process for a particular bidding system or tract, or may present a conflict that we will have to resolve in the process of bidding system selection. The order of listing does not denote a ranking.

(a) Providing fair return to the Federal Government;

(b) Increasing competition;

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- (c) Ensuring competent and safe operations;
- (d) Avoiding undue speculation;
- (e) Avoiding unnecessary delays in exploration, development, and production;
- (f) Discovering and recovering oil and gas;
- (g) Developing new oil and gas resources in an efficient and timely manner;
- (h) Limiting the administrative burdens on Government and industry; and
- (i) Providing an opportunity to experiment with various bidding systems to enable us to identify those most appropriate for the satisfaction of the objectives of the United States in OCS lease sales.

Subpart C [Reserved]

Subpart D—Joint Bidding

§ 560.301 What is the purpose of this subpart?

The purpose of this subpart is to encourage participation in OCS oil and gas lease sales by limiting the requirement for filing “Statements of Production” to certain joint bidders.

§ 560.302 What definitions apply to this subpart?

For the purposes of this subpart, all terms used are defined as in 30 CFR 556.40.

§ 560.303 What are the joint bidding requirements?

(a) You must file a Statement of Production with the Director, according to the requirements of §§ 556.38 through 556.44 if:

- (1) You submit a joint bid for any OCS oil and gas lease during a 6-month bidding period; and
- (2) You were chargeable for the prior production period with an average daily production from all sources in excess of 1.6 million barrels of crude oil, natural gas equivalents, and liquefied petroleum products.

(b) The Statement of Production that you file under paragraph (a) of this section must state that you are chargeable for the prior production period with an average daily production in ex-

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cess of the quantities listed in paragraph (a) of this section.

(c) If your average daily production in the prior production period met or exceeded the quantities specified in paragraph (a) of this section, you may not submit a joint bid for any OCS oil and gas lease during the applicable 6-month bidding period with any other person similarly chargeable. We will disqualify and reject these bids.

(d) If your average daily production in the prior production period met or exceeded the quantities specified in paragraph (a) of this section, you may not enter into an agreement prior to a lease sale that would result in two or more persons, similarly chargeable, acquiring or holding any interest in the tract for which the bid is submitted. We will disqualify and reject these bids.

PART 570—NONDISCRIMINATION IN THE OUTER CONTINENTAL SHELF

Sec.

- 570.1 Purpose.
- 570.2 Application of this part.
- 570.3 Definitions.
- 570.4 Discrimination prohibited.
- 570.5 Complaint.
- 570.6 Process.
- 570.7 Remedies.

AUTHORITY: 43 U.S.C. 1863.

SOURCE: 76 FR 64623, Oct. 18, 2011, unless otherwise noted.

§ 570.1 Purpose.

The purpose of this part is to implement the provisions of section 604 of the OCSLA of 1978 which provides that “no person shall, on the grounds of race, creed, color, national origin, or sex, be excluded from receiving or participating in any activity, sale, or employment, conducted pursuant to the provisions of * * * the Outer Continental Shelf Lands Act.”

§ 570.2 Application of this part.

This part applies to any contract or subcontract entered into by a lessee or by a contractor or subcontractor of a lessee after the effective date of these regulations to provide goods, services, facilities, or property in an amount of \$10,000 or more in connection with any activity related to the exploration for